



# MAYOR AND COUNCIL AGENDA

NO. 7

DEPT.: Community Planning and Development Services

DATE: January 11, 2005

CONTACT: Scott E. Parker, AICP, Planner III

**ACTION:** Discussion and Instructions to Staff regarding Concept Plan amendment CPD1995-0002B, King Farm, to amend approved Concept Plan. The request is in two parts:

1. An amendment to allow designated senior housing type uses in lieu of 1.25 million square feet of office.

2. The City is also requesting, as part of the Concept Plan amendment, that the Land Use designation for the farmstead house located on the five-acre park site be changed to a designation of park/residential/office.

## ACTION STATUS:

**FOR THE MEETING OF:** 01/18/05

INTRODUCED

PUB. HEARING 9/13/04

INSTRUCTIONS

APPROVED

EFFECTIVE

**ROCKVILLE CITY CODE,**

CHAPTER

SECTION

☐ CONSENT AGENDA

**RECOMMENDATION:** Instruct Staff, on both items, for preparing Resolution of Approval. Instructions should include the following:

1. Senior Housing Uses:

- Approve the change of the Concept Plan and accompanying Resolution.
- Approve the proposed MPDU proposal as part of the Concept Plan change.

2. Farmstead Site:

- Change the Land Use designation of the house through the Concept Plan as part of the Resolution.
- Instruct staff to begin an analysis, including an appraisal, so that the Mayor and Council can determine if they want to dispose of the house.
- Begin the Historic District designation process.

**IMPACT:** ☐ Environmental ☒ Fiscal ☒ Neighborhood ☐ Other:

A senior housing component would provide a senior living housing opportunities for the community, as well as having the overall impact of significantly reducing the number of traffic trips generated by the 1.25 million square feet of office that King Farm will be eliminating from the plan.

The change in the Concept Plan to permit office or residential use of the farmstead house provides options for the future use of the King Farm house and for potential revenue from a future sale.

## **BACKGROUND:**

In July of 1996, the Mayor and Council approved Concept Plan Application CPD95-0002, thereby authorizing development of the 430-acre King Farm as a major mixed-use development containing up to 3,100,700 square feet of office space, 3,200 housing units and 125,000 square feet of neighborhood retail space. The tract is in the O-3, Restricted Office Zone, where a Comprehensive Planned Development is a voluntary optional method of development.

The Concept Plan allowed shifting of the office density between the various office development pods. To date, detailed applications have been approved for four office buildings, for a total of approximately 805,992 square feet, including ancillary retail, restaurant and fitness center space. To date, three buildings have been built or are under construction, totaling approximately 560,649 square feet.

The areas that the Concept Plan identifies as office development do not, however, allow for the addition of additional residential units as part of a senior housing use proposal.

## **KING FARM PROPOSAL:**

King Farm Associates has applied for CPD1995-0002B, an amendment to their approved Concept Plan. The subject of the request is to seek approval from the Mayor and Council, after Planning Commission recommendation, to amend the Concept Plan to allow for a senior housing component within the Irvington Centre office development area, in lieu of approximately 1.25 million square feet of office development.

The proposed land uses for this amendment will include three components. The first will be independent senior living. The second will be assisted living, and the third will be that of nursing home uses. Currently, the existing CPD section of the Ordinance allows for the first two components of the proposal, but not the nursing home uses. This component of the proposal is the subject of a text amendment (TXT2004-00211) that is currently being evaluated concurrently by staff and the Mayor and Council. The Planning Commission reviewed the Text Amendment at their meeting of June 23, 2004, and recommended that it be approved.

The Concept Plan amendment will be in the form of a change in a defined area of the concept plan's land use plan within Irvington Centre, which is currently designated as "office." The new designation will be "office," with a note on the land use plan exhibit that will state "alternate location for a square footage of 1.25 million square feet of independent living, assisted living and/or nursing home uses, and related recreational and common use facilities" (see attachment 3).

## **TRANSPORTATION:**

King Farm's proposal to reduce office square footage by 1.25 million square feet will lead to a reduction in traffic trips for the King Farm. Residential uses generate significantly less traffic than office uses, and a traffic impact statement for this proposal is attached for review.

In addition, the Chief of Planning approved a Transportation Demand Management Program (TDM) after input was provided from the Planning Commission, as required by the Resolution of Approval for King Farm. As part of the TDM, two shuttles are running through King Farm on a regular basis. These shuttles will serve the senior housing development in addition to the office. In addition, the office parcels identified for change through this amendment are near the proposed Corridor Cities Transitway and a proposed station stop along the line. This request will not alter the approved TDM program.

## **CITY REQUEST FOR FARMSTEAD HOME SITE:**

On June 1, 2004, the Mayor and Council instructed staff to begin steps to sell the 1.5-acre farmstead house in the 5.5-acre farmstead park for office use, following a recommendation by the King Farm Farmstead Task Force. The task force submitted that the farmstead house is inappropriate for public use, requiring significant resources and alterations to retrofit it. It should be noted that the task force preferred that the house be sold as a private residence.

Maryland Route 355, Piccard Drive and an automobile sales lot border the 5.5-acre farmstead park site of King Farm, at the northern boundary of the CPD. The entire 5.5-acre farmstead has been designated through the Concept Plan as a park use. The farmstead house property encompasses a 1.5-acre portion of the entire 5.5-acre site. The house is currently unoccupied.

Currently designated as a park in the approved concept plan, the city is utilizing the opportunity of the Concept Plan amendment to change the land use designation of the 1.5-acre farmstead house from "park" to "park/residential/office" in order to facilitate the Mayor and Council's goal of being able to utilize or sell the property. The balance of the five-acre park site will be unaffected by this amendment, and ownership of the house and park by the Mayor and Council will be unchanged by this amendment. After the amendment to the Concept Plan is finalized, no additional changes will be required to change ownership of the property. The property would go through the standard property disposition process, including the opportunity for public comment.

The Mayor and Council discussed changing the zoning of the property to C-T to ensure that office uses are compatible with the historic residential character. Staff notes that the existing O-3 zoning allows office uses, so no change in zoning is required to allow office. Staff recommends that the zoning remain O-3 with limitations in the Concept Plan. These limitations should include a maximum floor area of 5,500 square feet (existing plus 10% to accommodate minor modifications), use of C-T development standards (particularly parking and signage), the possibility of shared parking with the park, limitations on fence styles, and scenic easements.

The intent of these limitations is to maintain the relationship between the house, the barns, out buildings, and the surrounding open space. The proposed land use designation also permits residential use of the house.

The Mayor and Council also indicated that they would seek historic designation of the house in order to maintain its historic residential character. Exterior changes to the house would have to be approved by the HDC. As part of the designation process, the Mayor and Council may want to consider designation of the farmstead.

## **CONCLUSION:**

It is Staff's opinion that the incorporation of a senior housing component within this area of King Farm will complement and enhance the community and reduce traffic trips.

With respect to the second item related to the farmstead site, staff supports this part of the amendment as well. Ownership is not changing by virtue of this amendment, but it will give the Mayor and Council the flexibility needed to evaluate further options with the site.

## **NOTIFICATION:**

Notices were sent to approximately 1,275 residences and businesses. As required by the Zoning Ordinance, certified mail was sent to approximately 106 property owners adjacent to the King Farm.

## **RESPONSE TO PUBLIC HEARING QUESTIONS:**

During the public hearing, the Mayor and Council requested the following information:

1. Information on how the application would satisfy the Moderately Priced Dwelling Unit requirements.
2. How much is the farmstead house worth?
3. Are emergency services adequate?
4. Will King Farm Associates relocate the sidewalk along MD 355?

### **Moderately Priced Dwelling Units (MPDUs)**

The applicant submitted a July 30, 2004 letter outlining some of the issues to be considered associated with the MPDUs and Continuing Care Retirement Communities (CCRC). Based on discussions between City staff, County staff, and the applicant, a proposal for the applicability of the MPDU program as it pertains to this development was presented to the City. After discussing the proposal, the applicant submitted revised information, and it is presented as Attachment 9.

To summarize the proposal, the applicant has stated that current MPDU Ordinance requirements are not suited well for applying to a CCRC. As such, the applicant and staff have created an MPDU applicability program that staff believes not only accomplishes the intent of the MPDU Ordinance, but creates an opportunity for MPDU eligibility that did not previously exist. The details of the MPDU proposal are illustrated within Attachment 9, with a summary included on Circle 24. Some of the relevant points of the proposal include reduced entry fees for new residents, income eligibility for units based on current MPDU requirements, and reduced monthly fees commensurate with MPDU rental pricing guidelines. In addition, the applicants are proposing a fixed number of units that will be eligible for participation within the program in perpetuity.

### **Value of the Farmstead House**

Staff is prepared to hire an appraiser to evaluate the value of the property upon approval of the amendment. The development regulations and the permitted uses are necessary information that will be required to conduct the appraisal. Otherwise, the cost of the appraisal will be substantially higher to evaluate multiple options. Since the assumptions used in an appraisal done at this time may not match what is approved a second appraisal will be required prior to placing the house on the market. However, it is assumed that given the size of the house, the location, the size of the property, and comparable selling prices of homes in the area that the selling price of the house would most likely be in the range of \$1 million. It should be noted that this is an estimate in the absence of a formal appraisal, and the figure could vary based on the type of use approved.

### **Adequacy of Emergency Services**

The increased frequency of Emergency Medical Services (EMS) and other fire department calls for service was raised in the public hearing. Montgomery County Fire and Rescue Services is constructing a new station with EMS on the grounds of the Fire Training Academy. It is scheduled to open in fiscal year 2007. Montgomery County is in the process of identifying a location for a new fire station in the Shady Grove Road corridor. These new stations would provide improved service to this area. Some retirement communities choose to supplement the County services by having in-house EMS staff that respond before the local fire department. This approach reduces the number of incidents where County EMS is needed.

### **Sidewalk Relocation along MD355**

During the public hearing the applicant was requested to indicate if they would be willing to relocate the sidewalk along MD355 so a tree lawn could be placed between the sidewalk and the roadway. The applicant has indicated that they would consider it in the context of the overall amendment but that more information on the other conditions associated with the amendment is needed before a final answer can be provided to the City. King Farm stated that they would consider a monetary contribution for the relocation, but given SHA's control of the road, the applicants stated that they would not spearhead the project.

### **Conditions for the Concept Plan Amendment**

The following summarizes the general intent of the conditions to add to the amendment proposal. Staff will place these conditions, with any changes discussed at the November 1 meeting, into the Resolution of Approval.

1. Explicitly state the 1 to 1 exchange of 1,250,000 s.f. of office for 1,250,000 s.f. of senior housing and its associated amenities. The number of dwelling units for independent living and number of beds for the assisted living and nursing home operations would be established through the detailed application process.
2. If proposed as a Continuing Care Retirement Community (CCRC) compliance with the moderately priced dwelling unit program goals will be through a modified program that addresses the financial organization of a CCRC. The Mayor and Council would approve a modified program prior to or during the detailed application review process. If standard for-sale or for-rent housing is constructed, the standard MPDU regulations will apply.
3. Prior to the sale of the farmstead house the City will
  - a. Consider the property for designation as a historic district with associated design guidelines.
  - b. Evaluate the feasibility of sharing parking areas between the house and park facilities.
  - c. Require development to comply with the development standards of the C-T zone with a limitation on the total floor area to not exceed 10% above the existing floor area.
  - d. Process the sale of the property through the property disposition regulations contained in City Code and include the opportunity for public comment at a public hearing.

### **PLANNING COMMISSION RECOMMENDATION**

On July 12, 2004, the Planning Commission reviewed the proposal and provided recommendations to the Mayor and Council (see attached memo). The Planning Commission forwarded a positive recommendation for the senior housing portion of the application.

As for the second part, the Planning Commission has unanimously recommended against the re-designation of the farmstead site, citing their desire not to see commercial uses on the site.

### **MAYOR AND COUNCIL PUBLIC HEARING COMMENTS**

There were several members of the public that spoke regarding the proposal. While generally supportive of King Farm's senior housing component, most speakers were opposed to the sale of the farmstead home site and asked that it be preserved as a park. There was generally no support from the public for a commercial use.

**PREPARED BY:**

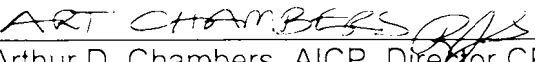
  
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Scott Parker, AICP, Planner III

1/12/05  
\_\_\_\_\_  
Date


**APPROVE:**

  
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Robert Spalding, AICP, Chief of Planning

1-12-5  
\_\_\_\_\_  
Date

  
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ARTHUR D. CHAMBERS  
Arthur D. Chambers, AICP, Director CPDS

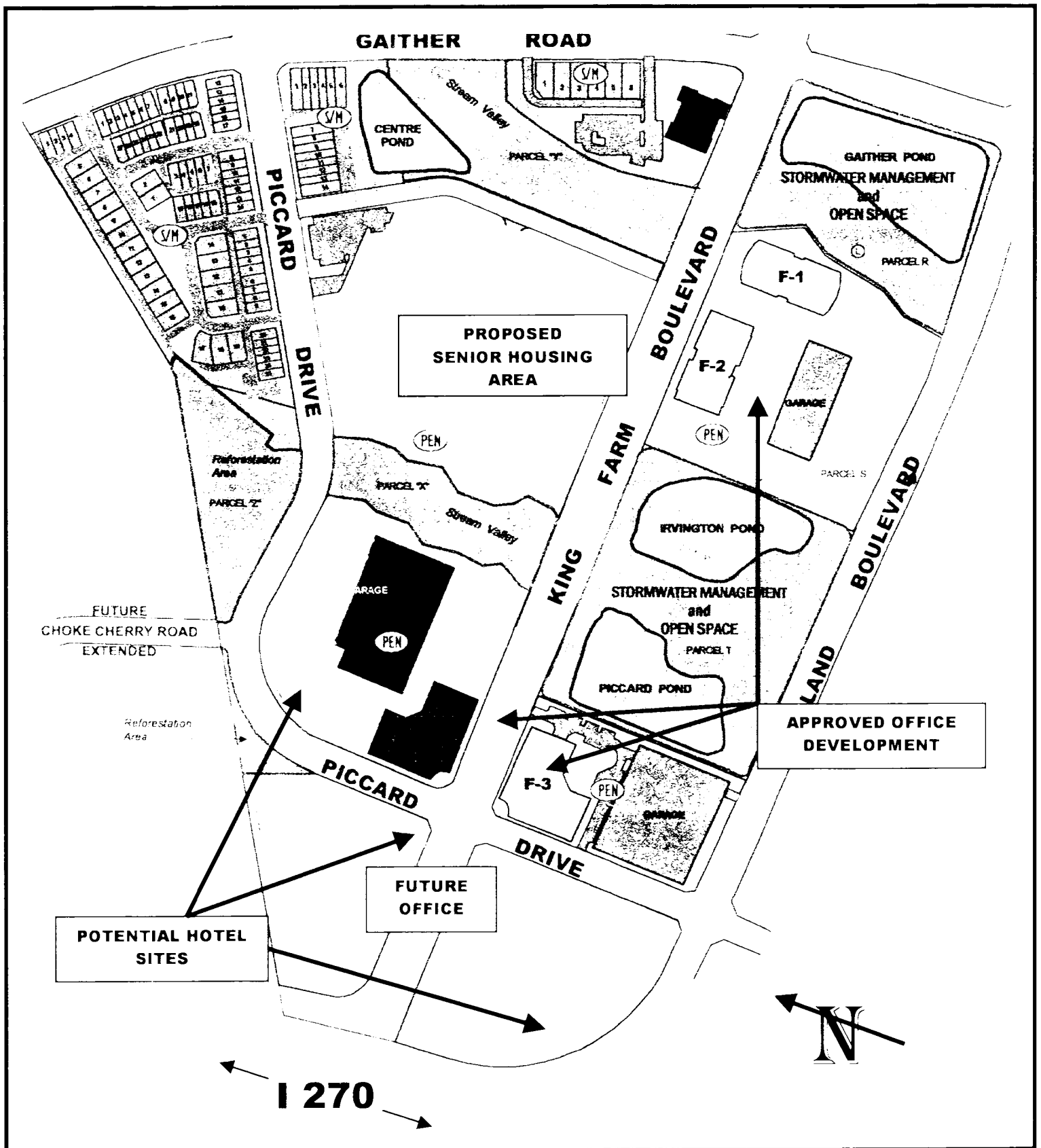
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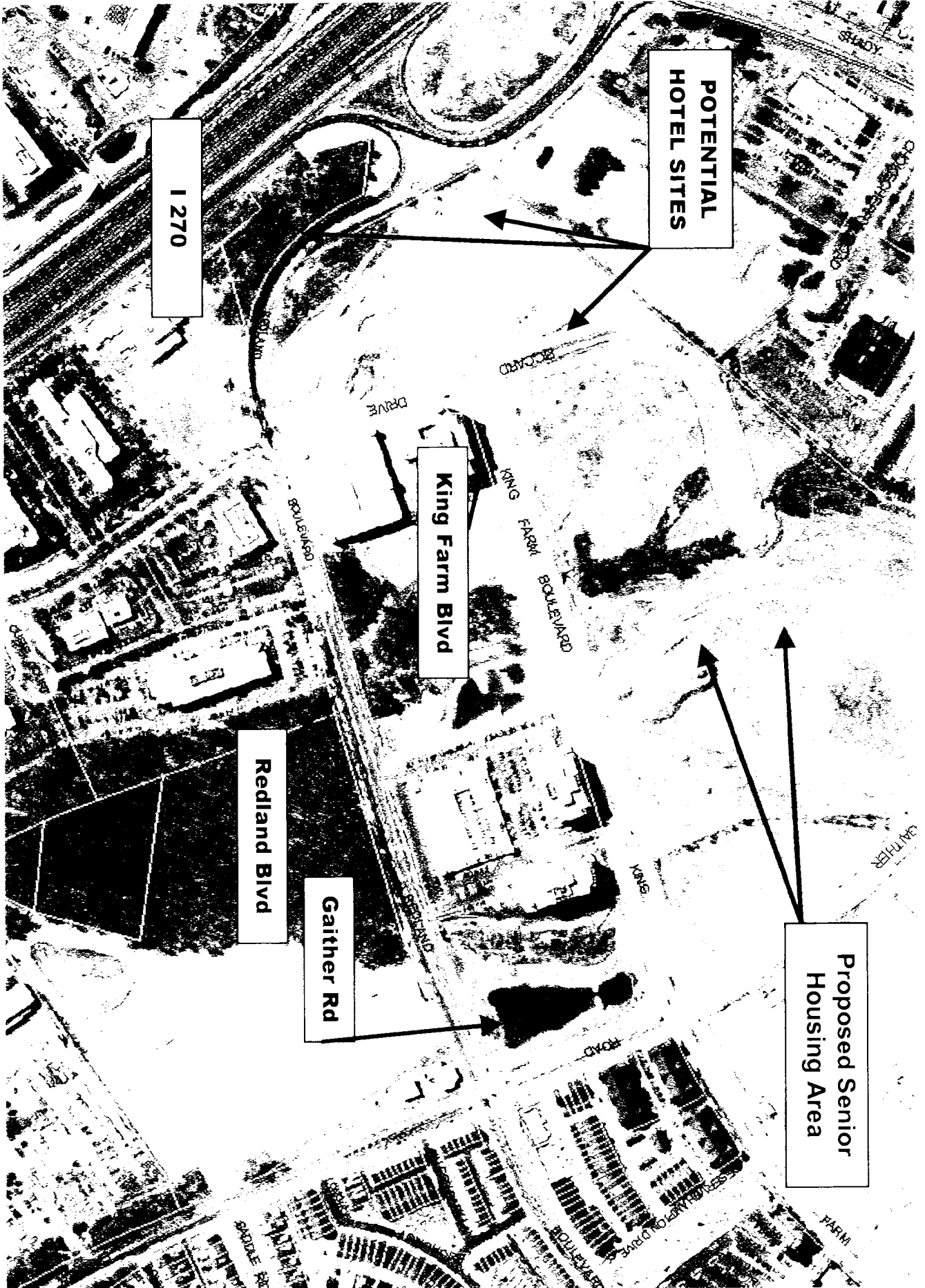
  
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Scott Ullery, City Manager

1/14/05  
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Date

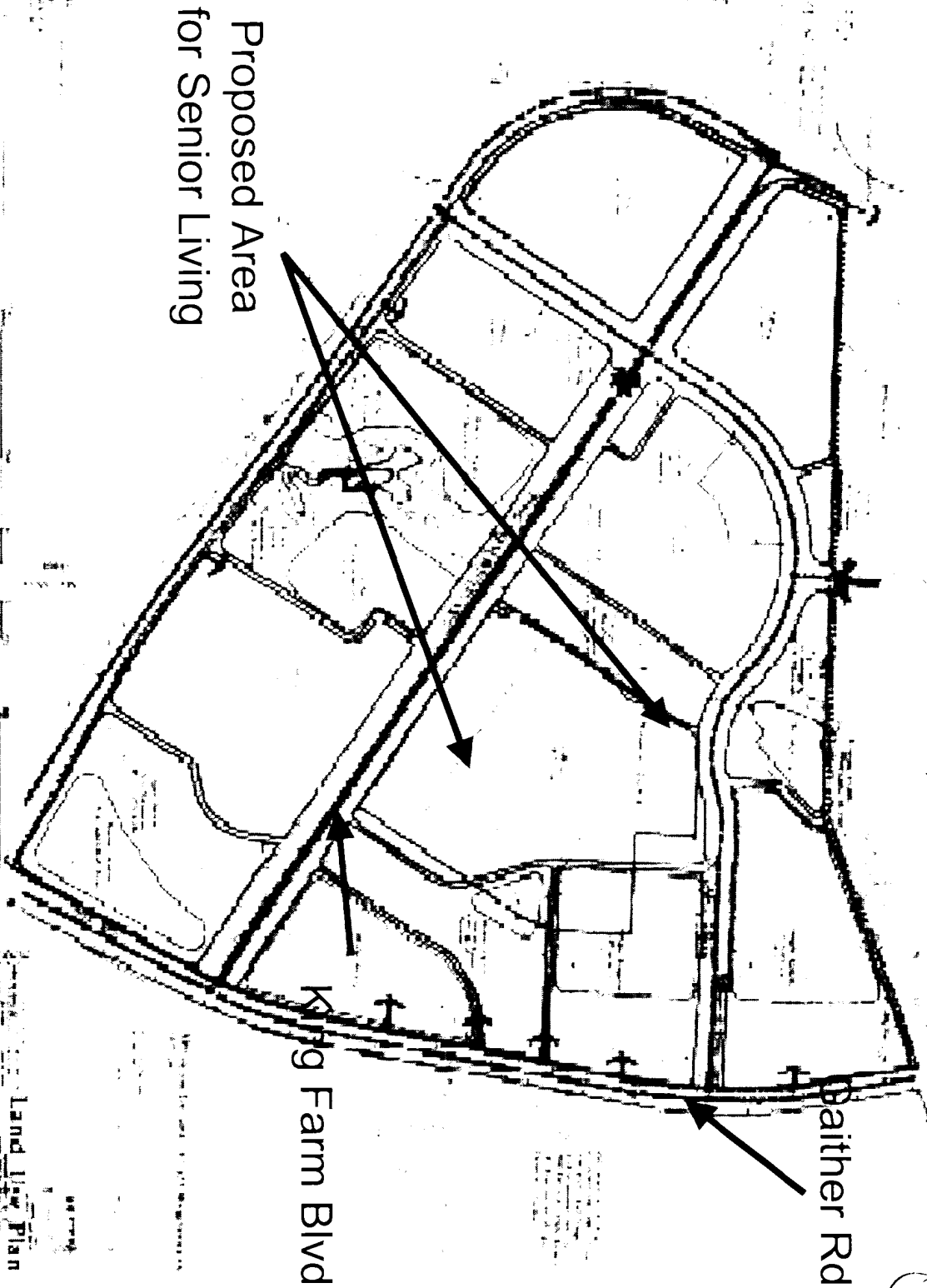
**LIST OF ATTACHMENTS:**

1. Site Map, Graphic (Senior Housing)
2. Site Map, Aerial (Senior Housing)
3. Land Use Plan (Senior Housing)
4. Traffic Data
5. Site Map 1, Aerial (Farmstead)
6. Site Map 2, Aerial (Farmstead)
7. Exhibits
8. Planning Commission Recommendation
9. Proposed MPDU Program









KING FARM

Land Use Plan

**LEE CUNNINGHAM  
& ASSOCIATES, INC.**  
**LAND - USE AND TRANSPORTATION PLANNING**

May 27, 2004

Mr. Olav Kollevoll  
King Farm Associates, LLC  
8330 Boone Boulevard Suite  
460  
Tysons Corner, VA 22182

**RE: AMENDMENT TO KING FARM CONCEPT PLAN TO  
ALLOW ALTERNATE SENIOR HOUSING USES**

Dear Mr. Kollevoll:

The following analysis is in response to your request that I assess the transportation impact of a possible modification to the approved King Farm concept plan. The proposed amendment would permit up to 1.2 million square feet of approved office development to be developed for senior housing and related facilities, to include assisted living and nursing care. For purposes of my analysis, I have evaluated a senior housing program that includes 600 independent and 50 assisted living units (650 total units) for the elderly and 50 nursing beds. Although this program may change, it provides a conservative scenario for purposes of our evaluation.

To determine the difference in trip generation, I used trip rates contained in The Institute of Transportation Engineer's (ITE) publication "Trip Generation - 6<sup>th</sup> Edition." The land uses are General Office Space, Land Use Code (LUC) 710, and Congregate Care Facility, LUC 252. I also examined a combination of the trip generation rates for "Elderly Housing - Attached," LUC 253, and "Nursing Home," LUC 620. The combined rates produce 7 more trips than the Congregate Care Facility in the morning peak hour. The Congregate Care Facility, however, generates 45 more trips in the evening peak hour. Therefore, Congregate Care Facility was used as the basis for comparison.

The calculated number of trips from each scenario is shown in Table 1 below.

**PEAK HOUR TRIP GENERATION  
 CONGREGATE CARE FACILITY vs. GENERAL OFFICE  
 Table 1**

	MORNING			EVENING		
	In	Out	Total	In	Out	Total
1,200 K sf General Office Space	1647	225	1872	304	1484	1788
700 DU Congregate Care Facility	26	16	42	67	57	119
Change	-1621	-209	-1830	-237	-1427	-1669

Based on the above, the proposed modification would generate significantly fewer trips in both the morning and evening peak hour. Even with slight shifts in the anticipated program, the dramatic reduction in trip generation would be similar.

I also calculated the number of parking spaces required for each use. For office use, the City of Rockville zoning code requires 1 parking space for each 300 square feet of gross floor space, or 4000 parking spaces. For "housing for the elderly or physically handicapped persons" the code requires one parking space for each 3 dwelling units "plus additional parking based on the location of the development, availability of public transportation, and characteristics of the housing project." Even if we were to assume that the City would require 50% more spaces than the specified amount, well above what would be anticipated in view of the characteristics of the King Farm Development, the total number of parking spaces required for an estimated 650 housing units for the elderly would be 325.

Similarly, with respect to nursing homes, the code requires "one (1) space for each 1000 square feet of floor area, plus one (1) space for each participating staff doctor, plus one space for each two employees." If it is assumed that each bed will require 250 square feet of total gross floor area, the nursing home component of the modified plan will encompass 12,500 square feet. The parking requirement for this component would therefore be 12.5. Further, Medicare staffing standards require that a total of 20 employees, including a "director" would be necessary to adequately care for 50 patients. With one space for the director and one space for every two employees, the total number of spaces necessary to meet the employee requirement would be 10.5. The total number of spaces necessary to accommodate the nursing home component would therefore be 23. Based on these assumptions, the parking required for the approved and proposed development scenarios is as shown in Table 2.

**COMPARISON OF PARKING REQUIREMENTS**

**Table 2**

<b>APPROVED</b>	<b>Spaces Required</b>
1,200,000 sf Office Space at 1 space per 300 sf	<b>4,000 spaces</b>
<b>PROPOSED</b>	
650 Dwelling Units for the Elderly	
Unit Count requirement at 1 space per 3 DU	216.6
Contingency spaces	108.4
50 Bed Nursing Home (12,500 sf GFA)	
Floor space requirement at 1 space per 1,000 sf	12.5
Employee Requirement at 1 space for the director and 1 space per 2 employees	10.5
Total Proposed spaces	<b>348</b>
<b>Change</b>	<b>-3652</b>

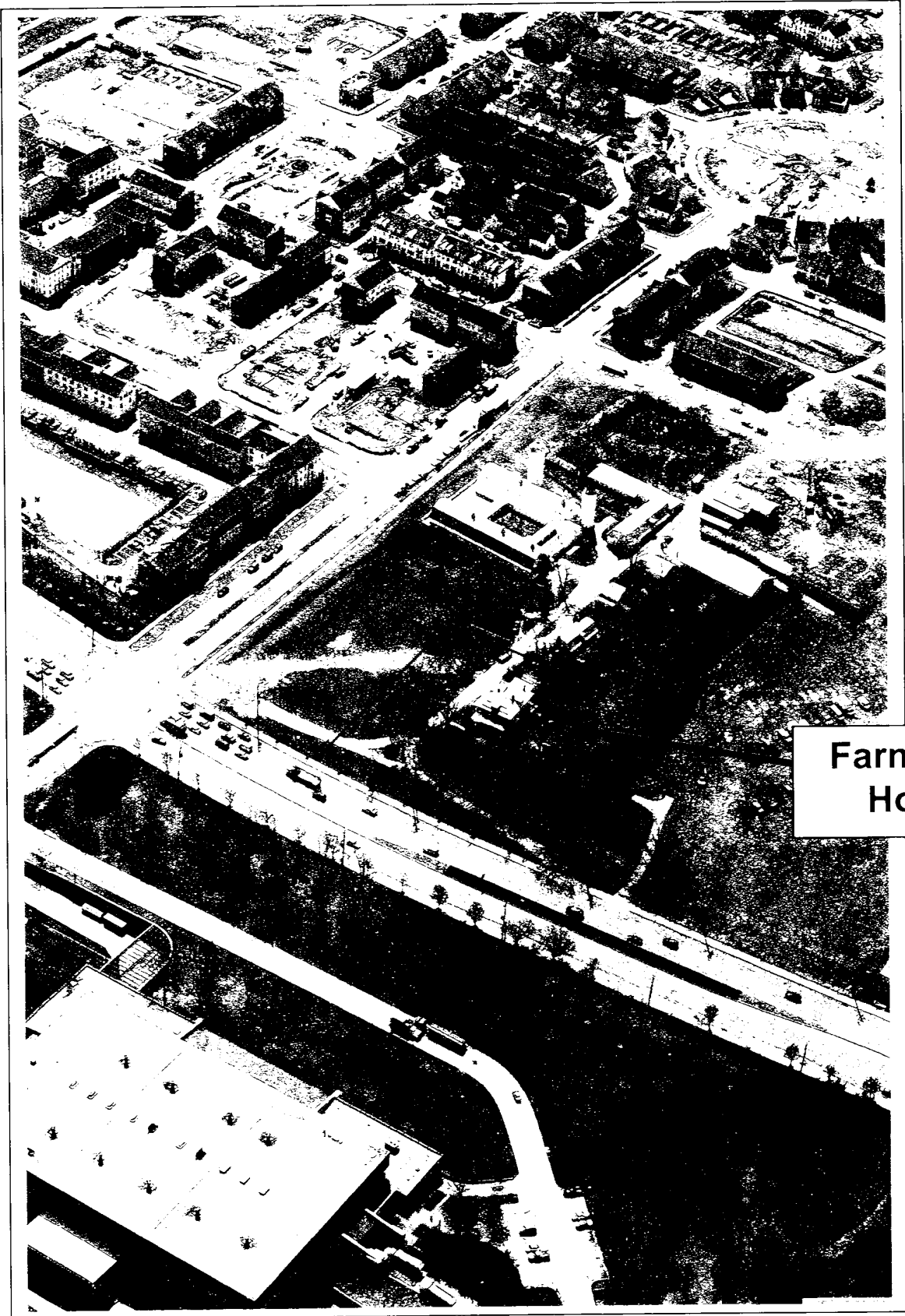
Based on the above analysis, the proposed modification to the King Farm development plan will generate significantly fewer peak hour vehicle trips and require significantly fewer parking spaces to meet code requirements.

If you have any questions or require additional information please call.

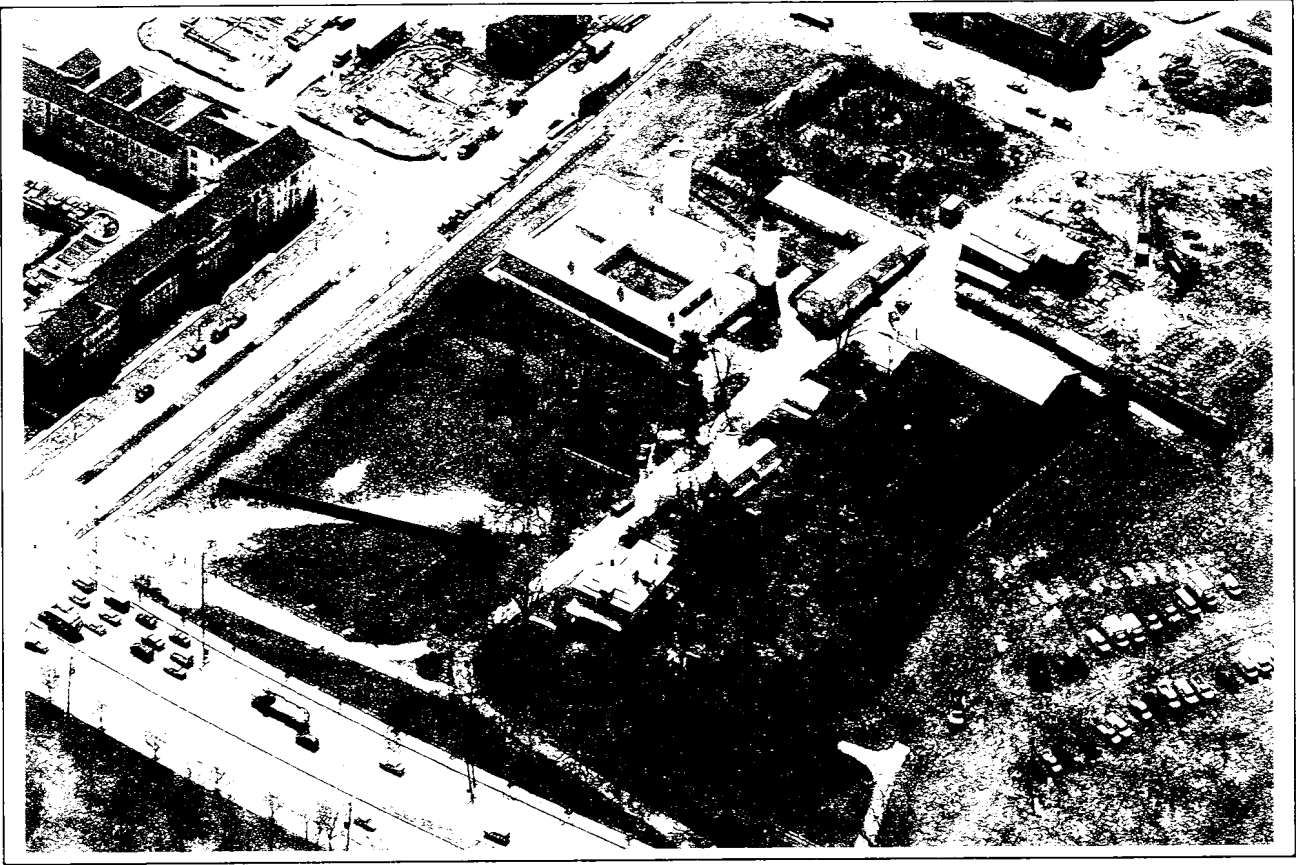
Sincerely,

  
Lee Cunningham

cc Barbara Sears  
Linowes & Blocher



ATTACHMENT 6



# ATTACHMENT 7



Brenda Bean/RKV  
07/20/2004 03:39 PM

To: salaur@att.net  
cc: mayorcouncil, Scott Parker/RKV@RKV, Art Chambers/RKV@RKV, Bob Spalding/RKV@RKV  
bcc:  
Subject: Re: King Farm Zoning Amendment

Dear Ms. Laur:

Thank you for your email comments regarding the application of King Farm Associates to amend the Zoning Ordinance to add "nursing homes" as a permitted use within the residential areas of a Comprehensive Planned Development (CPD). Your comments, which have been seen by the Mayor and Council, will be placed in the file and become part of the official record in this matter. After the record closes on August 2, 2004, this item will come back before the Mayor and Council, probably in September, for final action. On behalf of the Mayor and Council, thank you very much for taking the time to write. They appreciate your views and comments.

Very truly yours,

Brenda Fitzpatrick Bean  
Deputy City Clerk  
240/314-8280  
bbean@rockvillemd.gov

salaur@att.net

Exhibit # 1

Subject: TX104-00211

Public Hearing Date: 7/19/04



salaur@att.net  
07/20/2004 01:46 PM

To: mayorcouncil@rockvillemd.gov  
cc:  
Subject: King Farm Zoning Amendment

Dear Mayor and Council Members,

I recently moved from Raleigh, North Carolina, where I owned a home on a 1/3 acre lot approximately 5 miles from the center of the capital. I looked at hundreds of homes on the internet in Montgomery and Frederick Counties. After a great deal of searching, I looked at the King Farm community. During a meeting with the Stanley Martin builder's representative, I asked a number of questions about the King Farm Community plan because purchasing a townhome in King Farm represents an investment that is over 3 times the value of my home in North Carolina. I was assured that the final phase in which we were interested in was just that final I was told that the only space currently undeveloped would be offices at some time in the future. The fact that the

community plan was final weighed in heavily in my decision as property values are important to me. The possibility that a nursing home may be built instead of an office building has me greatly concerned. My husband and I signed a contract with the builder with the understanding that the community plan would not change, as did many other residents. That is the human side of this story but what about the environmental side of it?

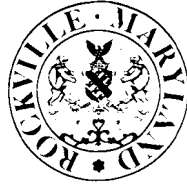
I have worked as an environmental engineer for the last 7 years so I know a little bit about the subject. The environmental impact of locating another highly populated project (i.e., assisted living, retirement and nursing home) within a community that is already highly populated will increase the burden on the environment in the area as well as put an additional drain on resources. Energy to cool the "new residential" project will be higher, since unlike an office building you can't turn off the air conditioner or heater on nights and weekends. More energy useage means more air pollution. In addition, there will be greater demands on water supplies and solid waste management. Has anyone thought about what will be done with the medical waste (e.g., used needles, soiled dressings, unused pharmaceuticals, etc.) from the nursing home? What about the increased traffic this type of facility will result in? What about the additional noise at odd hours from ambulances and other medical personnel? From equipment and supplies vendors?

To change the rezoning now (and the original community plan) seems unethical at best. At a time when our national government seems to be in the back pocket of industry, it would be refreshing to see our local government truly represent the people/voters rather than the interests of big business. I look forward to your reply.

Sincerely,

Michele Laur  
(soon to be a resident at 1216 Gaither Road)






City of Rockville

## MEMORANDUM

July 19, 2004

TO: Mayor and Council

FROM: Planning Commission

VIA: Scott E. Parker, AICP, Planner III 

SUBJECT: Planning Commission Recommendation Regarding Proposed Concept Plan Amendment CPD1995-0002B, King Farm.

On July 12, 2004, the Planning Commission, at a regularly scheduled and advertised meeting, reviewed and provided recommendations to the Mayor and Council on the item referenced above, as provided in the Ordinance.

The proposal reviewed is an amendment to the approved King Farm Concept Plan. The proposal is divided into two parts. The first part, which is being requested by the Applicant, is a request to amend the Land Use plan associated with the approved Concept Plan, in order to permit the addition of senior housing uses to the Irvington Centre office development area of the King Farm. The proposal for senior housing uses will be a one to one replacement of 1.25 million square feet of approved office development.

The second part of the application is at the behest of the City, and is requesting that the Land Use plan associated with the Concept Plan be amended to allow the 1.5-acre farmstead home site on the 5.5 farmstead site be designated as "park/residential/office." Currently the site is identified as "park," on the Land Use plan, and approved as such through the Concept Plan.

The Planning Commission reviewed the two parts of this amendment separately and offered separate recommendations. With respect to the first item related to the senior housing component, the Planning Commission recommended unanimously on a vote of 6-0 to approve the amendment to the Concept Plan to allow the senior housing component as proposed by the applicant. During the deliberations, the Commission stated that there is a need for this type of use, and that it would fit in well with the fabric of the new King Farm community.

With respect to the second item related to the proposed re-designation of the farmstead home site to "park/residential/office," the Commission voted 5-1 to recommend denial of the proposal.

Commissioner Johnson cast the sole vote to recommend approval. The Planning Commission stated that they did not want to see commercial uses on the farmstead site, and that the proposal to re-designate the site, in order to accommodate a potential sale by the Mayor and Council, was not appropriate, given the setting of the farmstead home within a 5.5-acre park. The Commission also expressed a reluctance to sell parkland for any reason.

The Commission also stated that a designation of commercial may create an "island" of commercial uses within a residential setting. (Staff noted that the site would be directly adjacent to the King Pontiac site, and that an island of commercial would not, in fact, be created).

The Commission also felt uncomfortable acting to facilitate the sale of this property through the CPD amendment process, when the Mayor and Council have been protecting other historic properties. The Commission felt that the house and balance of the farmstead site should be designated historic first, before any other action is even considered.

Commissioner Johnson stated that this action did mean an imminent sale, and appreciated the flexibility that it would give the Mayor and Council.

In addition, two citizens testified, including the President of the King Farm Citizens Association, Dr. Alan Kaplan. He stated that he was opposed to the re-designation of the farmstead, and that if a sale was indeed imminent for financial reasons, then a condition that the money be spent on refurbishing the King Farm farmstead site should be a condition, as well as historic designation. He also stated support for the first part of the amendment related to senior housing.

/sep

**PROPOSAL  
FOR THE  
  
CITY OF ROCKVILLE  
MODERATELY PRICED DWELLING UNIT PROGRAM  
  
FOR THE  
  
KING FARM  
CONTINUING CARE RETIREMENT COMMUNITY**

September 29, 2004  
Revised December 16, 2004

## PURPOSE

In view of the special characteristics of a continuing care retirement community (CCRC), the purpose of this Proposal is to establish an acceptable housing program concept for approval by the Mayor and Council as fulfilling the requirements of the Moderately Priced Dwelling Unit Ordinance if a CCRC is constructed at King Farm. If senior housing other than a CCRC is constructed (*i.e.*, for sale or conventional rental), then in lieu of this Program the requirements of the MPDU law for such construction will be applicable.

## 1. INTRODUCTION AND PROGRAM SUMMARY

Ingleside at Rock Creek in Washington, DC and Westminster at Lake Ridge in Virginia (“Ingleside/Westminster”), both nationally accredited, charitable, non-profit, continuing care retirement communities, have been providing affordable housing and services to seniors since 1906. As sponsors of the King Farm Retirement Community, we seek to expand this proud 100-year heritage of caring for seniors to the residents of Rockville and Montgomery County.

This CCRC will be an elderly residential community that provides for the housing and health needs of its residents through each of three (3) levels of care— independent living, assisted living, and skilled nursing care. The following addresses how Ingleside/Westminster proposes to comply with the goals and objectives of the City’s Moderately Priced Dwelling Unit Law through (a) designation of 12.5% of the residents (pairs of residents living in the same unit will equal one resident for this percentage calculation) as MPDU program participants; (b) making a mix of units and rents available to MPDU participants; (c) establishment of a “Rental Assistance Fund”; (d) providing rental subsidies to MPDU participants as needed to reduce rents to the MPDU rental limits; and (e) maintaining a constant of ten (10) MPDU participants that have received reduced entry fees in Phase I of the project (assuming 250 independent living units) and fourteen (14) additional MPDU participants that have received reduced entry fees in Phase II (assuming 350 independent living units). We believe this MPDU Program, as more fully detailed below, will meet an important unfulfilled need in the community, and fully satisfy the goals and objectives of the City’s MPDU requirements.

## **2. CONTINUING CARE RETIREMENT COMMUNITIES (CCRCs)**

### **2.1. Background**

There are two primary costs involved for the residents choosing a CCRC—a one-time fully refundable deposit and a monthly fee. The deposit will vary depending on the size of the unit and covers the cost of building the unit, community spaces and site work. The monthly fee covers all utilities (with the exception of telephone), use of all the activities areas, a daily meal of their choice, housekeeping, maintenance of units and grounds, 24-hour security, transportation and other resident amenities, and the "rental" cost of the unit, as more fully discussed below.

Our CCRCs are structured around a commitment to offer units at moderately priced levels, thus enabling many more seniors to have access to the worry-free independent lifestyle. We also serve seniors who have traditionally been unable to consider a retirement community due to financial limitations, who are often forced to remain in a house with the accompanying concerns and burdens about home and yard maintenance, security, meals and loneliness.

### **2.2. The CCRC Resident**

The average age of CCRC residents at move-in is approximately 78 years old, composed of 55% widowed females, 5% widowed males and 40% couples. The typical CCRC resident will have owned a home within ten miles of the CCRC and therefore is already a member of the existing community. Most individuals who decide to move into a CCRC base their decision on their current or future healthcare needs.

### **2.3. The CCRC Community**

CCRCs offer a unified setting, and provide three basic levels of care. The levels are as follows:

#### Independent Living

Independent living units are much like typical apartment living but with a wide range of services available. These include the main meal each day, housekeeping and maintenance of the unit and grounds, emergency call alarms, transportation and an abundance of activities. An on-site clinic with nursing staff provides care for day-to-day health needs and implementing individual health maintenance programs designed to prevent problems. Should a resident suffer an illness or injury that requires temporary nursing assistance, the CCRC provides a home healthcare

program which allows the resident to stay comfortably and independently in their unit while they receive the help that they need.

### Assisted Living

Residents of the Assisted Living Facility live in a private residential setting and receive three meals a day and also receive help, if needed with bathing, dressing and the other necessary activities of daily living. This level of residential facility serves two purposes. First, if a resident should suffer an illness or injury which temporarily requires more intensive care than can be provided in the independent living unit, a private room is utilized at the Assisted Living Facility. Second, if a resident's health should decline and they are unable to continue living in the independent unit, they can move to the Assisted Living Facility and still retain a certain degree of independence.

### Skilled Nursing Facility

The Skilled Nursing Facility provides residents with the highest level of care available on the campus. The facility can also be utilized in two ways. First, residents recovering from hospitalization or illness may be temporarily admitted to the Skilled Nursing Facility. Second, residents requiring long-term care may make the Skilled Nursing Facility their permanent residence.

### **3. CCRC MPDU CONCEPTUAL ISSUES**

#### **3.1. Rental Versus For-Sale MPDUs**

The MPDU Law applies to housing units that are offered both for rent and for sale. CCRCs neither rent nor sell their housing units. Instead, each resident enters into a fee-for-service agreement called a "Residence and Care Agreement" (an "RCA"), that entitles the resident to an appropriate level of housing and healthcare, based on the resident's needs and abilities, for which the resident pays a monthly fee. Because the entrance deposit is fully refundable, we believe the housing and medical services offered to residents is more closely analogous to a rental agreement rather than a sale. For the identified MPDU participants (see Paragraph 3.3 below), we propose to use the rental MPDU regulations applied to a portion of the monthly fees as the starting point for our MPDU Program.

#### **3.2. Entrance Criteria**

CCRCs have three basic entrance criteria. All three criteria are necessary to provide the CCRC form of housing to its residents. The first is an entrance deposit that is fully refundable to the resident or their estate in the event of their death or if they leave and their unit is reoccupied. The entrance deposit does not accrue interest or earn income. The resident is able to use the entrance deposit as a means of financing their healthcare needs. The entrance deposit retires the construction debt and acts as a buffer to insure the community and the resident that they will have the money to afford their future healthcare as required by State law governing a CCRC. The fully refundable entrance deposit is the lynchpin of the continuing care concept and is necessary to achieve this form of moderately priced housing.

The second entrance criteria is a health evaluation. The results of this medical review allow the professionally trained CCRC staff to determine the appropriate level of care for the incoming resident.

The third criteria is an income test, which is 1.5 times the monthly fee.

#### **3.3. Designation of MPDU Participants**

A CCRC is a total healthcare system *that requires a resident to move through levels of care*. For purposes of the MPDU Program, Ingleside/Westminster proposes to focus on the required percent of income-eligible individuals rather than units. We will seek to qualify residents equivalent to 12.5% of the

independent living units under the applicable MPDU income eligibility criteria. Pairs living in a single unit will be counted as only one (1) participant. Except as explained in Paragraph 4.2 below, the full entry deposit as previously discussed would be required from MPDU participants and previous homeowners would be accepted. Once an income-eligible individual is accepted for the MPDU program, we will place the MPDU participant in a unit. During the course of the MPDU participant's life, he or she will move, according to their healthcare needs, to independent, assisted or skilled nursing care. To accomplish the ability of an MPDU participant to move through the levels of care, we cannot restrict the MPDU participants to specified MPDU units.

A variety of independent living units, including one- and two-bedroom units, will be available to the MPDU participant. We propose that individuals in the MPDU Program occupy a mix of units and rents within the MPDU range. The mix of units would include one-bedroom and two-bedroom units. The rent portion of the monthly fee, along with the other anticipated charges, form the total monthly fee. The anticipated components of the monthly fee are discussed below at Paragraph 5. Units occupied by designated MPDU participants will have the same amenities, service package and access to healthcare as comparable market-based units within the CCRC.

### **3.4. Confidentiality of MPDU Participants**

CCRCs provide residents the opportunity to interact with others in a meaningful way, sharing life experiences. We would preserve the dignity of an MPDU participant by maintaining the privacy of such a resident's financial situation. We propose that participation in the MPDU program be confidential, except as required for reporting purposes to ensure compliance with the MPDU Program.

### **3.5. Residence and Care Agreement**

The Residence and Care Agreement ("RCA") will prohibit residents from assigning the RCA or from subletting the unit. We desire to treat all residents of the CCRC equally; thus we do not intend to insert into the RCA any MPDU Program requirements. Instead, we agree that if the MPDU resident's RCA is terminated, we shall designate another qualifying individual to act as an MPDU participant if one exists.



### **3.6. Lack of Qualifying Applicants**

We will take referrals from the City of Rockville Department of Housing and Community Development and will determine whether referred individuals meet the CCRC asset and health criteria. If referrals are not available from DHCD, we will seek MPDU-qualified applicants from the general public. If we are unable to find MPDU-qualified residents, then units can be rented to the general public.

## 4. RENTAL AND ENTRANCE FEE ASSISTANCE PROGRAM

### 4.1. Rent

A resident of an independent living unit in a CCRC pays a monthly fee which covers a myriad of services and housing. We have estimated these components to include the following: food service (17%), resident services-activities/transportation (15%), environmental services-housekeeping/maintenance/utilities (17%), administration (6%) and depreciation (2%). We have calculated that approximately 43% of the monthly fees currently being proposed for independent living units is attributable to "rent." We have also provided a chart below that shows these estimates in greater detail:

UNIT	MONTHLY FEE	FOOD SERVICE	ACTIVITIES	ENVIRONMENT	ADMINISTRATION	DEPRECIATION	RENT
		17%	15%	17%	6%	2%	
1 BR	\$1,500	\$255	\$225	\$255	\$90	\$30	<u>\$645</u>
2 BR	\$2,100	\$357	\$315	\$357	\$126	\$42	<u>\$903</u>

Under the MPDU Program, a one-bedroom unit would have a projected monthly fee of \$1,500. This would be equivalent to approximately \$645 monthly "rent," and would qualify under the current MPDU rent limits. A two-bedroom unit would have a projected monthly fee of \$2,100. This would be equivalent to approximately \$900 monthly "rent," and the MPDU participant living in this unit would receive a subsidy, as more fully described below, to bring him or her within the MPDU rental limits for two-bedroom units.

An MPDU participant in a two-bedroom unit, with a projected monthly fee of \$2,100, equivalent to approximately \$900 monthly "rent," would receive a monthly rent subsidy of approximately \$200 from the RAF to bring the rent portion of the monthly fee within the MPDU rent limits.

### 4.2. Entrance Fees

The below chart estimates the number of units, square footage, entrance fees and monthly fees for Phase I (assumes approval of 250 independent living units):

## King Farm Retirement Community Phase I

UNIT TYPE	# OF UNITS	SQUARE FEET	ENTRANCE FEES		MONTHLY FEES (2)
One Bedroom – Reduced for MPDU Participants	10	825	\$235,000	(\$200,879)	\$1,700
One Bedroom	25	825	\$335,000	(\$286,359)	\$1,700
One Bedroom + Den	50	1,065	\$415,000	(\$354,744)	\$2,000
Two Bedroom	65	1,350	\$520,000	(\$444,498)	\$2,200
Two Bedroom Deluxe	60	1,650	\$600,000	(\$512,883)	\$2,300
Two Bedroom Den	25	2,025	\$695,000	(\$594,089)	\$2,500
Three Bedroom	15	2,500	\$810,000	(\$692,391)	\$2,700
Second Person			\$25,000	(\$21,370)	\$700
Weighted Average	250		\$533,200	(\$455,782)	\$2,624

### Notes:

1. Entrance Fees will be locked in upon reservation in 2005, but paid upon occupancy in 2009. Numbers in parentheses convert entrance fees to 2005 equivalent dollars assuming 4% annual inflation.
2. Monthly Fees are listed in current 2005 dollars, and will be subject to annual inflation until occupancy in 2009.

In view of the current level of planning, the following data for Phase II (assumes approval of 350 independent living units) is a conceptual model only based on the maximum unit expansion anticipated.

## **King Farm Retirement Community Phase II**

<b>UNIT TYPE</b>	<b># OF UNITS</b>	<b>SQUARE FEET</b>
One Bedroom – Reduced for MPDU Participants	14	825
One Bedroom	35	825
One Bedroom + Den	70	1,065
Two Bedroom	91	1,350
Two Bedroom Deluxe	84	1,650
Two Bedroom Den	35	2,025
Three Bedroom	21	2,500
Total	350	

Note:

1. Phase II represents a conceptual model for a CCRC expansion up to the maximum allowable units. Unit Mix and Square Footage assumptions are illustrative and subject to change based upon market conditions.

As part of the MPDU Program, Ingleside/Westminster will reduce the entry fees of ten (10) MPDU Participants in Phase I by \$100,000 and fourteen (14) MPDU participants in Phase II by \$100,000, as illustrated above. Further, Ingleside/Westminster agrees to maintain this number of MPDU participants for whom the entrance fee was reduced as constants in the MPDU Program.

### **4.3. Resident Assistance Fund**

We will establish the “Resident Assistance Fund” (RAF)—an endowment funded initially by a \$1,000,000 grant representing developer fees returned by the non-profit sponsors to the project for the purpose of providing affordable senior housing. Additional funds will be added to the RAF by annual charitable fundraising campaigns.

Income from the RAF will be used to (a) subsidize monthly fees so that the units may be offered to MPDU participants at reduced rates that ensure that the rent portion of the monthly fee of the MPDU participant does not exceed the MPDU rent limit, and (b) assist in the reduction of the entrance fees as explained in Paragraph 4.2.

Presently, the Ingleside/Westminster RAF generates income at a rate of over \$500,000 per year as a result of charitable contributions and investment income, and provides annual resident assistance of over \$300,000 to low- and moderate-income seniors, whether or not they are MPDU participants.

Ingleside/Westminster are proud of their 100-year heritage of providing affordable senior housing, and residents of the new King Farm retirement community will also be protected by the same pledge— *“NO resident will ever be asked to leave because of financial hardship, and excellent service and caring will be provided to ALL residents, regardless of their ability to pay.”*

## **5. ADMINISTRATION OF THE PROGRAM**

The following is a summary of the administrative framework for an MPDU Program for a King Farm continuing care retirement community (CCRC):

1. The number of MPDU participants will equal 12.5% of the number of independent living units in the project. We will designate individuals, not units, as participants of the MPDU Program.
2. The Income Limit for MPDU participants shall be as determined by the City of Rockville. The rent portion of the monthly fee shall be within the MPDU Rental Limit as determined by the applicable City of Rockville laws and regulations. MPDU participants may have previously owned a home.
3. We will maintain a constant of ten (10) MPDU participants attributable to Phase I and fourteen (14) additional MPDU participants attributable to Phase II whose entrance fees have been reduced by \$100,000.
4. A Residence Assistance Fund will be established by the developer and will be funded with a \$1,000,000 initial contribution for the purpose of subsidizing rents of those units for which the normal charge exceeds the MPDU limits to qualify under the MPDU Program and assisting in the reduction of entry fees for a portion of the MPDU participants.
5. We will work with the City of Rockville on referrals for the MPDU Program. We will take such referrals and will determine whether referred individuals meet the CCRC criteria. If applicants are not available from DHCD or if there are a lack of qualified applicants, we will offer the units to members of the general public.
6. An entry deposit will be required and shall not be considered as part of the MPDU Program. We will require an asset test in the form of a fully refundable entrance deposit which varies depending on the unit type. We will require an income test of 1.5 times the monthly fee of the unit. We will require a health evaluation to determine the level of care.
7. We will provide an annual MPDU compliance report to the City of Rockville.